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APTS

LOCAL SERVICE NATIONAL VOICE

September 6, 2002

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

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SEP - 6 2002

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Ex Parte Notice
Docket 98-120

Dear Ms. Dortch:

The Association of America's Public Television Stations ("APTS") hereby notifies the Commission of the following ex parte meeting in the above-captioned proceeding. On August 26, 2002, John M. Lawson, President and CEO, APTS; Marilyn Mohrman-Gillis, Vice President, Policy and Legal Affairs, APTS; Katherine Lauderdale, Executive Vice President and General Counsel, PBS; Paul Greco, Vice President and Deputy General Counsel, PBS; and Jonathan Blake, Covington & Burling, met with Commissioner Michael J. Copps and Alexis Johns.

At this meeting, we reviewed the positions reflected in our comments, reply comments and ex parte submissions in this docket on the interpretation of "primary video." We emphasized that an interpretation of "primary video" to mean all free over the air multicast program streams was consistent with the government and public interest, was the preferred reading of the statute, and raised no serious constitutional issues.

Attached are the materials that were provided at the meeting.

Respectfully submitted,

Marilyn Mohrman-Gillis

Marilyn Mohrman-Gillis
Vice President, Policy and Legal Affairs

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QUICK FACTS

Newest PTV station(s) to go digital	WFSG-DT/Ch.56 Panama City, Florida
Total number of PTV digital stations	76
Percentage of public stations broadcasting a DTV signal	21%
Potential coverage by PTV's 76 digital signals	55.30%

PTV DIGITAL FUNDING

Source	Amount
State Funding:	\$476,202,000
Private:*	\$261,390,000
Other Sources:	\$33,797,338
Sub Total (Non-federal)	\$771,389,338
CPB Digital	\$45,000,000
PTFP:	\$60,300,000
Estimate for 2002 PTFP**	\$35,000,000
Sub Total (Federal)	\$140,300,000
Total	\$911,689,338

* Private funding includes foundation, corporation and individual sources.

** Original notifications by NTIA/PTFP listed total grants for digital conversion projects from 1998-2001 totaling \$78 million. Recent internal audits of PTFP by NTIA have led to a reclassification of many FY98-01 digital grants and led to revised total PTFP digital figure to \$60.3 million FY98-01.

INFORMING ...



The South Carolina ETV Network currently offers gavel-to-gavel coverage of the South Carolina General Assembly through over-the-air digital multicasting. In addition, SCETV offers an educational channel, featuring a combination of PBS You, college courses from University of South Carolina and Clemson University, and original educational programming. A "South Carolina Channel" is in development; featuring regional arts festivals lecture series, book festivals, and university events. A 2003 launch date expected.

EDUCATING ...



WCMU (Mount Pleasant, MI) is considering a partnership with the state's other PTV stations to develop a "Michigan Virtual University" (MVU) multicasting channel. Programming on this channel would feature regional college credit telecourses with interactive components and Internet courses. The state has already set up the infrastructure for MVU by maintaining a digital clearinghouse that could house the telecourses for this channel.



WMEC (Macomb, IL) WMEC will partner with the Illinois Board of Higher Education (IBHE) to produce the Lifelong Learning Channel that will feature college credit telecourses and non-credit telecourses, continuing education, and job training opportunities. The station will also work with a consortium of five local colleges and universities to develop this programming. This channel has been developed with funding from IBHE, who has given the station three grants totaling \$405,000, including funding for a digital master control that will allow for multicasting.

SERVING COMMUNITIES ...



KBDI (Broomfield, CO) plans to multicast at least four channels in standard definition television during daytime hours. This includes a *Legislative and Political News Service* that will provide continuous, in-depth coverage of state, county and local governments; a *Latino Initiative Channel* for the Spanish-speaking and bilingual community which will emphasize news, public affairs and social and cultural events; a *Local Arts & Cultural Channel* where programming will feature regional cultural events and productions; and an *Environmental Affairs Channel* will feature programming on outdoors, wilderness and environmental affairs.



WTVP (Peoria, IL) plans to use its multicasting capabilities to increase its education and public affairs programming, including:

- a pre-kindergarten through high school service aimed at schools throughout the area
- a post secondary channel to serve the needs of area colleges and universities
- a lifelong learning channel, programmed and operated by local educational agencies, to serve the needs of adult learners.



Corporation
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APTS
Association of Public
Television Stations

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DIGITAL SERVICES, DIGITAL PLANNING

A Summary of the APTS Service/Business Model Project



Made possible with funding from The Ford Foundation

Chalkwaves is a partnership of the educational services departments of the following four public television stations KCPT (KC) MO, KPTS (ICT) KS, SHPTV (BunkerHill), Smokey Hills PTV, and WSIU as well as 226 school districts across Kansas, Missouri, and Illinois. Chalkwaves provides cutting-edge technologies to help teachers tap into resources that increase student achievement. At the heart of the program is instructional media, online services and networking and teacher professional development.

Videostreaming Hosting Service

Idaho Public Television is considering hosting a streaming video service for state agencies and local educational institutions. Building on existing relationships, IdahoPTV would encode and host video content on an IdahoPTV web server. This fee-based service would be structured to recover costs of the service, and would strengthen links to state government. It also positions IdahoPTV to evolve as a producer of low-cost video content for its streaming clients.

*For other Internet-based station strategies,
visit the APTS Clearinghouse at www.APTS.org.*

Public television stations need to aggressively seek partnerships with local institutions to create the content and audience “buy-in” required in the digital future. Here are some examples of service models that take advantage of new alliances.

Community Content Partners

Community partnerships are the core of Connecticut Public Television’s digital transition strategy. CPTV engaged in a substantial outreach effort called “Mapping the Assets” to educate other entities about the power of digital technology and the potential benefits of collaboration with CPTV. CPTV’s partners include: Yale University; Trinity College; the state secretary; NASA; the Hispanic Health Council; the Discovery Museum; United Technologies Corporation; and others. CPTV has identified several pilot projects that it will develop with local partners and other PTV stations.

CPTV intends to produce content with its local partners, but in some cases will serve as a “digital library,” a distribution outlet for content produced by the partners themselves. In 2001, CPTV launched CPTV2, a second channel in conjunction with the community college system. CPTV2 will be an important outlet and test-bed for local content. To find out more about CPTV’s community partnership efforts go to www.cpbi.org/CPBICConnectAssets.shtml.

KOED San Francisco has begun a Digital Content Strategy project to develop key partnerships. The station is focusing on building strategic partnerships with technology, educational and cultural groups that are already working with digital media. More information is available by going to www.kqed.org/civicspace.

Community Building

WTTW Chicago has engaged in one of the most ambitious and visible digital transition efforts by transforming itself into “Network Chicago.” This concept makes use of multiple media platforms – analog TV, radio, a newspaper, Internet programs, and events – to reach the community on as many levels as possible, with the goal of making the station Chicago’s “connecting point.” Expanded local television programming is currently the center of the effort. Network Chicago is designed to ramp up to a WTTW digital platform, where locally-originated content can expand.

WVIZ Cleveland has embarked on a similar effort at community-building, partnering with WCPN-FM to form a non-profit multimedia company to serve northeast Ohio with local content in news, education, entertainment, culture and public service. It will partner with local organizations and will be launched on multiple platforms.

Institutional Content Partners

Penn State Public Broadcasting (PSPB) operates within a university, alongside continuing education and extension units. PSPB is proposing a structure that will allow them to act in concert with these units and obtain funding from foundations and state agencies. This effort is helped by a mindset that fosters coordination and collaboration.

PSPB's efforts are informed by the "Reforging the Links" initiative, in which PSPB, Wisconsin Public Television and Northwest Public Television built a model for cooperative working relationships between university-licensed public broadcasters and universities. Developing public service strategies like the "Creating Health" initiative focused on delivering health information to women around the state.

Development Services Bureau

WTVP Peoria's development group is larger and more sophisticated than those of several other community organizations including the zoo, the historical society and other "subscriber-based" groups. WTVP sees an opportunity to provide development support services on a contract basis to these local groups, a mutually-beneficial relationship that would generate revenue and a higher profile for WTVP within the market's non-profit sector. This service bureau concept is tentatively named "Non-Profit Services of Illinois" (NPSI).

*For more information about these and other stations' partnering plans,
consult the PTV Clearinghouse at www.APTS.org.*

Here are some examples of how stations are planning to use the Internet as part of their digital transition strategies. Note that some depend on the creation of infrastructure that would provide licensees with low-cost access to Internet "back office" capabilities.

Public Media Portal

Maryland Public Television plans to transform itself into a "public media portal." This digital transition strategy assumes the eventual convergence of television and Internet and anticipates that most content will essentially be available "on-demand." While this scenario may be a couple years away, MPT envisions a greatly-enhanced web portal supported by a TV strategy that reorganizes its analog television service into programming modules comprised of "affinity dayparts," each linked with a corresponding content area on the MPT.org site.

This portal is intended to provide personalized services and content for existing and new MPT members, and is intended to foster long-term member relationships by establishing MPT as a trusted "infomediary." MPT's web portal concept hinges on its development of an Internet infrastructure to support local PTV stations' web services.

Re-Launch the Website

Many licensees, including Connecticut Public Television (CPTV), plan to relaunch their website. CPT plans to capitalize on the strength of their local partnership with the University of Connecticut and UConn Women's Basketball to continue to increase traffic to the site. The site will also feature content from and links to local partners, and be supported by a three-person Internet staff along with third-party site management. Basketball may be the "hook" that drives traffic, but the site would position CPTV as a resource for education, state history, and state issues. Revenues are expected to come primarily from sponsorship of the site and an e-mail newsletter. CPTV's high-profile local programming franchise is the key to this strategy's success. KLRN Austin and WTVP Peoria also plan enhanced websites.

Educational Service

KCET is considering an on-line educational referral service/search engine that will provide information on learning options in the Los Angeles area. The service would aggregate course catalogs from area institutions and provides links for enrollment. Information about the service would appear on both analog ITV and a multicast channel to drive traffic to the site. KCET would receive referral revenues for enrollment resulting from visitors linking to institutions through the KCET website.

Chalkwaves is a partnership of the educational services departments of the following four public television stations KCPT (KC) MO, KPTS (ICT) KS, SHPTV (BunkerHill), Smokey Hills PTV, and WSIU as well as 226 school districts across Kansas, Missouri, and Illinois. Chalkwaves provides cutting-edge technologies to help teachers tap into resources that increase student achievement. At the heart of the program is instructional media, online services and networking and teacher professional development.

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*For other Internet-based station strategies,
visit the APTS Clearinghouse at www.APTS.org.*

Short-Form Programming

Short-form programming is a key element in the business models of both WTVP Peoria and Maryland Public Television. Such segments have many benefits, being: affordable; locally relevant; suitable for streaming over the Internet; and attractive to potential community partners.

WTVP currently produces four to six "Issues in Brief" segments per month, based on their weekly public affairs program "At Issue," and has occasionally used its "Illinois Adventures" series as a basis for "Quick Trips" segments. These segments are produced at very low cost (about \$500). In conjunction with a university professor, WTVP will launch "HeadzUp!", a series of one- to two-minute educational features, supported by web content, giving parents and caregivers information about children's brain growth and concept development. The station also has a relationship with the local newspaper to create ongoing joint programming, and short segments could be streamed on both the WTVP and newspaper websites.

In another approach to short-form programming, SCETV South Carolina has created a substantial database of video clips for use by K-12 teachers and students called "Knowitall.org." Working from the SCETV tape vault, Knowitall.org features more than 20,000 South Carolina-based video clips that can be downloaded for lessons or reports. For example, a nature show can be repurposed into an online field trip with a searchable database of geography, flowers, insects, reptiles, animals and birds. Knowitall.org was developed with state funds as part of the K-12 School Technology Initiative with state funding.

Contract Production

WTVP Peoria also plans to use its digital facility as a means to grow its contract production activities. The station's new facility will feature a large studio that can be used for contract production services and can be rented to third-party users. Post-production capabilities can generate funds to support digital broadcast services. WTVP's proximity to the Chicago market will be helpful in capturing "overflow" business.

National Production Center

KLRU Austin hopes to carve out a niche as a producer of national content in the digital environment. Austin remains a music center, as has been historically reflected in KLRU's signature series, *Austin City Limits*. In addition, Austin is a technology hub, home to Dell Computer and research consortia such as Sematech and Computer Technology Corporation. Area start-ups include a number of entities engaged in multimedia and/or interactive content development.

In addition to maintaining and expanding the *Austin City Limits* franchise, KLRU plans to develop a pilot program as prelude to a national series. The station also plans to capitalize on Austin's multimedia community to incorporate "enhanced television" components into productions. KLRU's strategy relies heavily on its specific market characteristics. Austin's major technology players are actively involved in the community and have an interest in local corporate citizenship.

For more information about these and other stations' digital production plans, consult the PTV Clearinghouse at: www.APTS.org.

Public television is actively planning for a multicast future. Here are some ideas for new channel service models from stations around the country.

Education Channel

Virtually every public television licensee is planning to multicast educational services to their local communities. More than 95 percent of stations plan on carrying at least one formal educational multicast service, with varying emphasis upon:

- Adult continuing education
- K-12 instructional programming
- Workforce development and job training
- College/university telecourses

Many licensees, including stations in Florida and New York, are partnering with state departments of education. In exchange for digital funding, Florida licensees would devote a channel to the Florida Knowledge Network, a teacher resource linking classrooms with teacher training, electronic field trips, and distance learning content. New York stations plan to offer a multicast service called the Empire State Channel, which will feature teacher training, vocational instruction, and public affairs programming.

Children's Channel

Approximately 85 percent of public television stations plan to multicast a children's channel, building primarily from the PBS Kids service. Maryland Public Television's Kidworks concept is one example; the service will feature a local host and interstitial elements.

Local News/Public Affairs Channel

Several licensees plan public affairs channels.

- KCET Los Angeles' "Life and Times" channel is among the most ambitious, a 24-hour multicast service centered upon coverage of Southern California lifestyles, business, and political issues.
- Vermont Public Television plans a Vermont Public Service channel, which would provide regular coverage of the state legislature, local town meetings and debates, call-in programs with the Vermont congressional delegation, travel and tourism information, and other local news and public affairs programming.
- Twin Cities Public Television plans a Special Services Channel that would be originated by the state itself, including live feeds from the state House and Senate for a Minnesota-styled C-SPAN.
- KEET in Eureka, California plans to partner with local non-profits, arts organizations and social service agencies to develop a North Coast Channel. The programming mix would include local documentaries, health care, arts performances, employment opportunities, and highlights of tourist attractions.

Local Regional Arts and Cultural Channel

Several licensees are also evaluating arts/cultural channel concepts. KCET Los Angeles is planning a 24-hour multicast service dedicated to coverage of the Southern California arts and cultural scene. The service would build on national content to include a substantial base of new, locally-produced weekly and monthly programs.

Combining cultural institutions and educational needs, and in partnership with a variety of the region's arts and cultural organizations, Detroit Public Television began production for its digital Enrichment Channel, an arts education service, designed to guarantee the continuing presence of arts and culture instruction in schools. Aligned with the state's educational standards, it was designed as a curriculum-based tool for teachers to go beyond the art instruction that typically occurs in classrooms. The channel's first series of programs is called "smART-tv." The programs draw on the resources of local arts organizations for content.

Underserved Audiences Channel

These stations are planning to meet special needs among underserved communities:

- KBDI Denver plans to launch a Latino Initiative Channel that would feature programming for the Spanish-speaking community. Potential partners include local community service organizations, schools, and commercial broadcasters.
- WNYE Brooklyn and WYBE Philadelphia plan to provide multicast foreign language and international channels.
- WHYI Philadelphia plans to create a Home Companion Service to meet the needs of elderly viewers. While designed to appeal to all members of the senior community, it will be primarily directed to the homebound.

For more information about these and other stations' channel concepts, consult the PTV Clearinghouse at www.APTS.org

Executive Summary

Getting to Digital: Business Models for Stations

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Learn from Your Colleagues

Public television licensees need to plan now for the services they'll offer in the digital future. To encourage such planning and help the station community learn from the hard work of others, the Association of Public Television Stations (APTS) has prepared this brief overview of some business models for digital transition. It is built upon actual station plans, and contains ideas that can be replicated in other markets. Stations participating in the study upon which this guide is based include:

- Idaho Public Television
- KLRU Austin, TX
- WTTW Chicago, IL
- KCET Los Angeles, CA
- Maryland Public Television
- WTVP Peoria, IL
- WPSX State College, PA
- Connecticut Public Television

Building Better Business Models: About This Guide

This guide is one of the results of a two-year effort. In 1998, with the support of the Ford Foundation, APTS invited stations to apply as candidates for a business modeling process. Eight stations representing a wide range of station types and markets were selected by APTS.

To participate, stations had to have already engaged in strategic planning and have preliminary digital service concepts. APTS retained Bortz Media & Sports Group to assist the stations. Plans were developed with the active participation of station staff; while Bortz is a primary author of the final plans, the plans themselves are the products of consensus at each station. The final product, the result of three in-person station meetings and numerous telephone consultations, was a station driven business model detailing financial assumptions, limitations and a variety of service concepts and plans.

The business models developed by the selected stations, combined with the collection of stations plans housed within APTS' online PTV Clearinghouse, comprise the collective information contained within this briefing booklet.

Some themes emerged as stations took part in APTS' business model process. In brief.

Digital planning means more than an eventual multicast

It's important to understand the difference between *planning for digital broadcast* and *planning for digital transition*. *Digital broadcast* refers to a final product, such as a multicast channel, that will appear on the screen for viewers. *Digital transition* involves major change within a station, and between stations and community partners, to successfully realize the promise of new digital services. It's important for stations to think in terms of *digital transition*.

Think "DTV-independent" – don't wait for the digital rollout

Without developing interim strategies, stations may find it difficult to build a healthy DTV service. There are many services that don't depend on DTV that you can start now, including Internet services and digital production. "DTV-independent" strategies that support the eventual development or enhancement of local content are particularly important.

Digital transition requires new alliances

Nearly all of the new service concepts developed by the stations depend on the development of strong community or institutional partnerships. By itself, because of financial or capacity limitations, a licensee may be unable to create or acquire from traditional sources all of the new content needed to fill its digital pipeline. An invitation to other institutions to become content-providers can strengthen a station, linking it more closely to its community.

Local content is essential

The on-demand character of the digital future requires more, and more differentiated, content. One of PTV's chief points of differentiation from the multi-channel cable or satellite distributor is local control and local presence. The ability to create strong content locally and/or uniquely acquire content that can be positioned as "local" will become increasingly important.

Consider what fits your market, but don't think too narrowly

Different stations have generated different models and strategies, and you need to find those that are of the right size and scale for your market. But don't immediately reject an idea just because it doesn't first appear to fit. Many of the concepts developed by stations in varying financial or market conditions can be adapted to fit individual needs.

Stretch your planning timelines

To be successful, planning for digital transition must extend four or five years into the future. Year to year funding uncertainties and fluctuations often lead stations to shorten planning efforts to one or two years. Digital transition strategies will take longer, and long-range planning is essential to move from a "maintenance" to a "growth" posture.

Stations cannot afford to “go it alone” in the digital future. Many transition strategies have stations reaching out and finding new partners.

Multi-Platform Community-Building

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- Position the station as a communications hub for the community as a whole, and employ several different forms of media to do so.

“Network Chicago.” WTTW’s “Network Chicago” concept makes use of multiple media platforms to reach the community on as many levels as possible, with the goal of making the station Chicago’s “connecting point.” At present, expanded analog local television programming is the centerpiece of Network Chicago. Other elements include radio programming, Internet programming, events, and a newspaper. Network Chicago is designed to lead up to an eventual digital platform, where locally-originated content can expand.

Create Content through Community Partnerships

- Enlist other community institutions as content providers in new digital service, strengthening the station’s relevance to and buy-in by local organizations.

“Connecting the Assets.” As a result of their successful *Mapping the Assets* initiative, engaging a wide range of local organizations in a dialogue about the use of Connecticut Public Television’s (CPTV) digital spectrum as a community resource, CPTV has developed partners ranging from universities, public sector agencies, non-profits, and the private sector. Current pilot projects, including *Health Care for Kids–Asthma*; *Leadership Skills for Young Women*; and *Science for Kids–Marsville*, will help develop workable models for content production with community partners.

Create Content through Institutional Partnerships

- Tie the station more closely to its host institution by designing activities to be shared across the institution.

Integrate with the Institution. Penn State Public Broadcasting (PSPB) operates within a university alongside adult continuing education programs and cooperative extension units. PSPB’s plans are to build a structural model that allows them to act in concert with these units and obtain funding from foundations and state agencies. Two projects illustrate this coordinated approach: *Creating Health*, a multi-platform outreach effort; and the *Digital School District*, which will provide equipment and digitized curriculum content.

Safety for the State. Kentucky Educational Television (KET) a state licensee operating has increased its cooperation with state and federal agencies through its datacast Emergency Response and Weather Alert system. In partnership with the state police, emergency management agencies and the National Oceanic and Atmospheric Administration (NOAA), KET has developed a digital broadcast service to deliver up-to-the-minute alerts across the state to be received on digital tuners in desktop computers.

Stations' production capacities vary widely, but even smaller stations can think about production as part of their digital transition strategy. A station can:

- *Produce short-form programming, which helps build a library for a broadband future.*

Short-Form Programming. WTVP Peoria's business model for digital transition assumes substantial expansion of WTVP's current production of shorts—nontraditional short form programs around certain topic areas. These segments are affordable, suitable for the Internet, and attractive to potential community partners. Short-form programming also figures in Maryland Public Television's business model, and is viable for many markets seeking to quickly establish an on-line content "library."

- *Offer a national production platform as a service to a sector of the community.*

National Production Center. In the future, to strengthen relationships with the local technology community, KLRU Austin hopes to offer access to a national production platform. KLRU plans to develop one of several pilot productions and incorporating "enhanced television" components into productions.

- *Use your production infrastructure to generate revenue for digital broadcast services.*

Digital Production Platform. WTVP Peoria plans to use its digital facility as a means to increase its contract production activities. Studio capacity that can be rented to third-party users and expanded post-production capabilities can generate funds to support WTVP's expanded digital broadcast services in service to the local community.

INTERNET-BASED SERVICES: MODELS

The Internet is a new platform for stations and an excellent launch pad for digital services. **ORIGINAL**

- *Redefine the station as a "portal" that will provide individualized services for existing and new members.*

Public media portal. Maryland Public Television (MPT) intends to transform itself into a "public media portal" that will provide personalized services and content for existing and new members. MPT plans to modify its analog schedule and introduce an ambitious local web platform in order to begin the transition from broadcaster to "broadband."

- *Relaunch your Internet site with local partners.*

Internet re-launch. Connecticut Public Television (CPT) plans to capitalize on the strength of their local partnership with the University of Connecticut and UConn Women's Basketball to continue to increase traffic to the site. The site will also incorporate content from and links to local content partners derived from their *Connecting the Assets* effort.

- *Become a one-stop source for learning opportunities in the community.*

Educational referral service. KCET Los Angeles, positioned in a market with multiple higher education institutions is considering developing an educational referral service/search engine that will provide information on Los Angeles area learning options. The site will be linked to analog ITV content and a planned multicast channel.

- *Host videostreaming content as a fee-based service.*

Video-streaming hosting service. Idaho Public Television would encode and host video content such as supplemental course materials and/or long-form video on an IdahoPTV web server. This fee-based service would recover costs associated with the service, and would benefit IdahoPTV by strengthening links to state government. This type of service can easily be migrated to a digital broadcast platform and be made available via datacasting, in the same way that KET can offer emergency information to state offices.

Stations are considering several types of broadcast channels for the multicast future:

Local News/Public Affairs Channel. Several licensees plan public affairs channels concepts, featuring a varying mix of local and customized national content. KCET Los Angeles' "Life and Times" channel is among the most ambitious, a 24-hour multicast service centered upon coverage of Southern California lifestyles, business, and political issues.

Local Regional Arts and Cultural Channel. Several licensees are also evaluating arts/cultural channel concepts. KCET is again the most specific, planning a 24-hour multicast service dedicated to coverage of the Southern California arts and cultural scene. The service would build on national content to include a substantial base of new, locally-produced weekly and monthly programs.

Education Channel. Several participating licensees propose multicast concepts focused on lifelong learning, training, and/or formal education. In most instances, the channel would be closely linked to companion Internet resources. Following their respective digital conversions, both IdahoPTV and KLRU plan to distribute multicast services featuring a mix of PBS educational, Annenberg and ITV content.

Combining cultural institutions and educational needs, and in partnership with a variety of the region's arts and cultural organizations, Detroit Public Television began production for its digital Enrichment Channel, an arts education service, designed to guarantee the continuing presence of arts and culture instruction in schools. Aligned with the state's educational standards, it was designed as a curriculum-based tool for teachers to go beyond the art instruction that typically occurs in classrooms. The channel's first series of programs is called "smART-tv." The programs draw on the resources of local arts organizations for content.

Customized Children's Channel. Nearly all participating licensees plan to offer a locally-customized children's service, building primarily from the PBS Kids service. Maryland Public Television's Kidworks concept is one example; the service will feature a local host and interstitial elements.

For Further Information

Since the development of these plans, many licensees have begun implementing or revising certain strategies. To find the most recent plans for the digital transition for public television licensees around the country, please visit the *PTV Clearinghouse*—a part of APTS' online service to the public television community.

Because conditions vary so widely, PTV licensees are urged to study these models in the context of the full reports, which include analysis of station objectives, market characteristics, and financial assumptions. Full text of the individual station business models can be accessed through the APTS PTV *Clearinghouse*.

STRATEGIES FOR DIGITAL TRANSITION: WHAT'S RIGHT FOR YOU?

What business service models for digital transition are best for your station? Here are some initial suggestions from the eight stations participating in the APTS/Bortz planning process. However, stations are urged to review all models in the report, because each market is unique and may present special opportunities. This list does not exhaust the universe of possibilities, and should be considered as an initial guide only.

All Licensees

- Community Content Partners
- Re-Launch the Website
- Short-Form Programming
- Educational Directory/Referral Service
- Education Channel
- Children's Channel

University Licensees

- Institutional Content Partners

State Licensees

- Videostreaming Hosting Service

Large-Market Licensees

- Community Building
- Public Media Portal
- Local News/Public Affairs
- Local/Regional Arts and Cultural Channel

Small-Market Licensees

- Contract Production

Attached is a summary chart of replicable service business models from the APTS/Bortz report.



HOW TO BUILD A SERVICE BUSINESS MODEL AT YOUR STATION

The eight stations that took part in the APTS/Bortz study vary widely in market size and licensee type, but all used a similar process to build their business models. It's a process that can be adapted by any station. Here are the basic elements:

Decide Whether You Want Outside Help. Stations can decide to undertake the planning process internally, or to retain an outside individual or firm as a facilitator. In the APTS/Bortz study, participating licensees found that retaining an outside facilitator had several benefits. The facilitator(s) can:

- Be objective about the licensee's strengths and limitations;
- Advance the process by convening meetings and setting tasks and timetables;
- Encourage productive interaction and challenge assumptions;
- Provide insights on broader media market trends and strategies.

However, it's important to understand the role of the consultant is that of facilitator and contributor, rather than the creator of the strategy itself. That's your job.

Assemble a Digital Transition Team. In general, a team of five to eight senior staff, representing different functional areas, worked well. Stations can also create teams designed to encourage "buy-in" in their particular situation. In the case of university licensee WPSX/Penn State Broadcasting (PSPB), other university officials were invited to participate.

Analyze Your Assets and the Market. Prior to the first meeting of the Transition Team, you'll need to assemble information that will inform the planning process, such as:

- A summary of digital transition status from a technical standpoint;
- Station mission and objectives
- Potential digital service concepts identified to date
- Existing service offerings and business relationships
- Links to the community, including formal and/or informal ties to educational institutions, state/local government, libraries and commercial entities
- Existing financial resources and potential access to new ones
- Organization and capabilities of existing staff
- Market research or other indicators of the licensee's "brand"
- Local market factors, such as demographics, competition, PC/Internet penetration, initiatives being pursued by other institutions

Set Meeting Dates and Goals. In the APTS/Bortz study, each licensee held three full-day meetings. In general, the steps were:

1. At the first meeting, the Transition Team outlines its transition strategy and service concepts, and weighs them against an analysis of market and station data. Subsequent discussion leads to a refinement of service concepts and an agreed-upon set of services that will be the core of the business model. Participants agree upon assignments to be completed before the next meeting.
2. At the second meeting, initial service concepts are fleshed out and preliminary business assumptions developed. Cost estimates and potential revenue streams are compared to assess the feasibility of the services proposed.
3. A "discussion draft" of the business plan is created and distributed to the Transition Team prior to the third meeting. The final meeting is then used to discuss key questions/concerns related to model assumptions and overall strategies.

Timetable. It's important to set and keep firm deadlines, to drive the process forward. In the case of the Bortz/APTS study, the steps above took an average of four-six months for each licensee.

Lessons Learned So Far: Insights gained in the planning process so far:

- Long-term planning requires a structured process and time for managers to focus on it.
- Think five years or longer. Most licensees tend to have a short planning horizon, due to a lack of growth capital. But the planning process can and should force you to think beyond next year.
- Only by focusing on the long term can you change from a "maintenance mindset" – focused on maintaining current business – to an emphasis on growth-oriented business strategies.
- The marketplace reality is that new services, whether commercial or non-commercial: a) take time to develop; and b) drain resources through the initial development phase and often through the first few years of operation.
- Think about creating ultimately sustainable services, rather than one-time projects.
- Focus on digital media broadly, rather than digital broadcast television. It's less risky to develop services that can be delivered over multiple platforms than to wait for market acceptance of DTV.
- The process should include a means of updating the business model, once it's been created. A good time might be prior to or in conjunction with your annual budgeting process.

Stations interested in starting their own planning process are encouraged to read the full APTS/Bortz report, which can be found in the PTV Clearinghouse at: www.pts.org

COMMUNITY PARTNERSHIP CONCEPTS

Replicable Service Business Models

ORIGINAL

Summary Chart

CONCEPT	EXAMPLE LICENSEE	KEY ENABLING FACTORS	APPLICABLE LICENSEE TYPES
Community Content Partners	Connecticut Public Television	<ul style="list-style-type: none"> • Aggressive partnership development. • Willingness to share editorial control. • Access to foundation seed funding to prove the model. 	All licensee types and market sizes, although variations may apply more directly to university licensees and in small markets.
Community Building	WTTW/Network Chicago (also WVIZ Cleveland, KLRU Austin)	<ul style="list-style-type: none"> • Access to growth capital. • Risk acceptance/ tolerance. • Success in establishing/ sustaining community partnerships. • Scalability of individual service components. 	Primarily community licensees in large markets; potentially scalable to mid-sized and smaller markets.
Institutional Content Partners	Penn State Public Broadcasting (PSPB)	<ul style="list-style-type: none"> • Organizational structure and mindset. • Economic model allowing ongoing service provision. • Access to Penn State outreach personnel/ resources. 	University licensees; potentially instructive for other licensees pursuing public sector/institutional alliances.

Source: Digital Transition Business Models Summary Report, Bortz Media & Sports Group, Inc. and PTV Clearinghouse at www.APTS.org. October 2000.

INTERNET BASED CONCEPTS

Replicable Service Business Models

ORIGINAL

Summary Chart

CONCEPT	EXAMPLE LICENSEE	KEY ENABLING FACTORS	APPLICABLE LICENSEE TYPES
Public Media Portal	Maryland Public Television	<ul style="list-style-type: none">• Commitment to personalized member relationship.• Access to national back office Internet infrastructure.	Primarily larger community licensees; not feasible without national/regional infrastructure.
Branding the Website	Connecticut Public Television	<ul style="list-style-type: none">• Signature local programming franchise.• Community content partnerships.	All licensees currently lacking dynamic web sites; economics challenging without signature content.
Educational Directory/Referral Service	KCET Los Angeles	<ul style="list-style-type: none">• Link to wide range of local institutions.• Execution of commission-based revenue model.	A consideration for any licensee with the flexibility to promote a wide range of institutions; particularly suited to community licensees seeking to re-establish/strengthen educational presence.
Videostreaming Hosting Service	Idaho Public Television	<ul style="list-style-type: none">• Access to server infrastructure.• Positioning as distribution resource for state agencies.• Regional or national support infrastructure enhances potential.	State licensees; other licensees positioned to be a fee-based streaming video partner for other local organizations.

Source: Digital Transition Business Models Summary Report, Bortz Media & Sports Group, Inc. and PTV Clearinghouse at www.APTS.org. October 2000.

PRODUCTION CONCEPTS

Replicable Service Business Models

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Summary Chart

CONCEPT	EXAMPLE LICENSEE	KEY ENABLING FACTORS	APPLICABLE LICENSEE TYPES
Short-Form Programming	WTVP Peoria. (also Maryland Public Television, South Carolina ETV).	<ul style="list-style-type: none">• Affordability and appeal to community partners.• Local relevance.• Suitability for Internet applications.	Particularly suited to small-market licensees; offers potential for any licensee looking to develop an on-line content "library."
Contract Production	WTVP Peoria	<ul style="list-style-type: none">• Flexibility in design of digital broadcast facility.• Market competitive framework.	Potential revenue-producing option in smaller markets to support "mission-oriented" digital services.
National Production Center	KLRU Austin	<ul style="list-style-type: none">• National focus of potential local partners.• Access to local technology/multimedia experience.	Instructive as an example of aggressively responding to market-specific needs and changing market conditions.

Source: Digital Transition Business Models Summary Report, Bortz Media & Sports Group, Inc. and PTV Clearinghouse at www.APTS.org. October 2000.

CHANNEL CONCEPTS

Replicable Service Business Models

CONCEPT	EXAMPLE LICENSEE	KEY ENABLING FACTORS	APPLICABLE LICENSEE TYPES
Education Channel	KCET, IdahoPTV, Florida stations, New York stations, others	<ul style="list-style-type: none"> • Customized delivery of varied national content, supplemented by local content. • Long-term success keyed to strong companion local web platform. 	Viable across licensee types and market sizes, due to limited and scalable resource requirements.
Children's Channel	Maryland Public Television, others	<ul style="list-style-type: none"> • Customized version of PBS Kids Service, supplemented with local content. 	Viable across licensee types and market sizes, due to limited and scalable resource requirements.
Local News/Public Affairs Channel	KCET, others	<ul style="list-style-type: none"> • Extensive existing local public affairs content. • Ability to re-purpose existing content to extend its life. • Enhanced by regional content sharing. 	Viability with substantial local content is limited to large markets; models relying primarily on customized national content can be considered in other markets.
Local Regional Arts and Cultural Channel	KCET, Connecticut PTV, Maryland PTV, others.	<ul style="list-style-type: none"> • Access to arts partner content. Re-use of low-cost national content. • Enhanced by regional program sharing. 	Potentially viable in large markets and/or through regional collaboration.

Source: Digital Transition Business Models Summary Report, Bortz Media & Sports Group, Inc. and PTV Clearinghouse at www.APTS.org. October 2000.

Summary Chart



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